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FOREIGN AGRICULTURE

April 1960

President Eisenhower in Argentina

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The Americas' 300-Year-Old Trade

Land Reform in Asia

Agriculture in Australia and New Zealand

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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The President and Latin America

"My first words upon my return from the four American republics I have just visited must be a heartfelt expression of gratitude for the friendly receptions my associates and I experienced, wherever went.

"Millions endured for long hours along the streets hot summer sun—and occasionally rain—to let us know of the ethusiastic goodwill they have for the Government and people of the United States.

"In the nations of Latin America—indeed, as I have found in all the 18 countries I have visited in my trips of recent months—there is a vast reservoir of respect, admiration, and affection for the United States of America.

". . . our relationships with our sister republics have, with notable—and very few—exceptions, reached an all-time high. Leaders and populations alike attested to this truth. But an ever firmer partnership must be our goal.

"The republics of this hemisphere have a special relationship to one another. The United States is important to all of Latin America, as its largest buyer, as the main source of foreign investment capital, and as bastion of freedom. Our southern neighbors are important to us, economically, politically, culturally, militarily. Indeed, no other area of the world is of more vital significance to our future.

"This interdependence must be comprehended by us and by them. . . . For, as I have said time and time again, all fruitful, abiding cooperation must be based upon genuine mutual understanding of vital facts."

From President Eisenhower's report on his trip to Latin America, March 9, 1960.

Cover Photo

President Eisenhower, on his recent trip to Latin America, waves to an enthusiastic crowd in Buenos Aires as mounted troops and security men try to keep a clear path for the motorcade.

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THE 300-YEAR-OLD TRADE OF THE AMERICAS

Back in 1818, Simon Bolivar, the liberator of many Latin American countries, pointed out the need for an "American pact, which, forming all our republics into a single body politic, will present America to the world in an aspect of majesty and grandeur." Later, Bolivar called a conference in Panama of representatives of the American Republics to set up such an alliance. Little was achieved at this congress. Yet the seeds had been sown for inter-American cooperation, and on April 14, 1890, they finally germinated with the forming of the Pan American Union, now a part of the Organization of the American States.

This month the 70th anniversary of the Union is being observed throughout the two Americas. And it is interesting to note that this first association, which was in no sense a political union and had no written constitution or charter, listed as its purpose "to promote good relations among the American Republics through trade relationships and exchange of information pertaining to commerce."

It was through trade that the first contacts between the Americans were made—trade that dates back 300 years. As early as 1662, the "English from the North Continent of America" were reported to be shipping logwood from the coast of Yucatan. And in the years 1714 to 1718, some 2,000 Salem, New York, and Boston vessels were doing a triangular business between their home ports, Madeira and the Azores, and the Spanish West Indies.

This trade, of course, was strictly illegal. Neither Spain nor Portugal would permit any ships but their own to trade with their American colonies. Nevertheless, it went on for well over a hundred years, mainly with Spanish territories in the Caribbean and around the Gulf of Mexico. Entering these ports American merchants would unload their cargoes of foodstuffs—flour, codfish, beef—and carry back sugar, molasses, fruit, and if lucky, gold currency.

Eventually, U.S. foodstuffs served as an open sesame in Latin America. In 1796 Spain, as an ally of France, went to war with England and within a year it had to throw its colonies open to neutral trade. The United States, which was the leading maritime nation among the neutral powers, was the only one able to supply the food and provisions needed by the Spanish settlements.

Once Spanish restrictions had been removed inter-American trade flourished. Agricultural exports soon replaced bullion, and a steady flow of sugar, hides, indigo, coffee, cocoa, herbs, and woods moved from Latin America northward. Writing of this period, Arthur P. Whitaker, in his *The United States and Independence of Latin America, 1800-1830*, says:

> "The part played by commercial relations was of the utmost importance; indeed in many cases they formed the only point of contact between the two Americas. Their economic value, which was already considerable by the closing years of the eighteenth century, increased rapidly in the next decade. They led to the establishment of the first government agencies of the United States, which were of a quasi-consular character, in the Spanish colonies, and later they provided both a pretext and part of the personnel of quasi-diplomatic relations with the revolutionary governments of that region. They were also one of the principal factors in promoting knowledge and shaping opinion in the United States about Latin America."

Today the trade between the Americas represents the largest trade in the world, and much of it is agricultural. The United States is the biggest buyer of Latin America's agricultural products. This country takes half of Brazil's coffee, half of Cuba's sugar, and two-thirds of Ecuador's bananas. It is the largest market for Argentine wool and also for Latin America's cocoa. In fact, Latin America now furnishes more than half of all the United States' agricultural imports compared with only a third before World War II.

Automobiles, machinery, and industrial equipment account for most of the U.S. shipments to Latin America; nevertheless, the area is an important business partner for U.S. agriculture. Cuba has long been the largest market for U.S. lard, in most years taking about a third of the exports. Venezuela today is the world's largest dollar market for U.S. livestock—especially beef cattle—for breeding. The Latin American Republics also buy U.S. wheat, rice, fats and oils, fruits and vegetables, and dairy products. And the value of their purchases from the United States rose from $46 million a year prewar to a total of more than $530 million in 1957. The figure has declined since then, but in 1958 four-fifths of the sales to Latin America were for dollars, whereas only two-thirds of those to the rest of the world were dollar sales.

Trade between the Americas has a sound economic base. Their economies complement each other, and their geographic proximity encourages commercial interchange. This trade also reflects the friendship and unity that has characterized Hemisphere relations since colonial times.

Chen Lin-an (above) is one of many Formosans who got land of their own under agrarian program. Right, he harvests his second rice crop of the year.

Photos courtesy USIA

Land Tenure In Asia. I.

Land reform is now the most controversial policy issue in the agriculture of Asia. In a two-part article, starting with this issue, Dr. Parsons, authority on land tenure, reviews the programs under way in Asia.

By Kenneth H. Parsons
Agricultural Economics
University of Wisconsin

Since the end of World War II demands for the redistribution of land have been proclaimed by political banners in virtually every Asian country—demands that stem from the recognition that rural poverty is the greatest blight of Asia and that something must be done about it.

Back of this comparatively recent movement is the land problem of Asia, which is very old. In the subsistence economy which supported the Asian villages for thousands of years, land was the measure of opportunity. Then with the rise of cities and the coming of world markets the picture changed. Sales of cash crops became possible and the purchase of factory goods proved attractive. The response to these opportunities gradually changed the economies of Asian villages—much more than meets the eye. Land in the villages became valuable property reflecting the possibility of market sale. As land became an object of mortgage and sale, investment, tenure and debts became the new core of the village economies, replacing the more primitive systems of alloting access to land.

To some indefinable degree, the cultivators took the early years of this transition in their stride, using the security of expectations assured by property in land to put a more secure base under their family subsistence. Once land can be owned and bequeathed to one's children, family security becomes possible from generation to generation. In general, though, the peasant cultivators were put on the defensive by these new systems of markets and credits. The new outside connections gave economic power to those who bridged the gap. As property in land opened the way for landlords, so the new market connections gave merchants new functions. The more necessary merchants and moneylenders became, the more power they acquired.

Furthermore, as the high-placed families came to live more and more by money incomes they lost touch with the village agriculture. Under absentee ownership the capacity for creative management and the introduction of innovations seemed to wither away and peasant cultivators became virtual prisoners of their own wisdom and experience. The villages lost their inner dynamic. With the coming of parliamentary governments it was mostly the landlords, merchants, and other local notables who were elected to them. Also, as the village populations increased, especially over this past century, the space filled up. Access to the land became harder. Rents and the value of land rose.

All this is natural enough, but the consequences in the agriculture of Asia, from Cairo to Tokyo, have been stupendous. Those peasants who have remained owner-cultivators have done so largely by avoiding debts, and consequently foreclosure; but there was always the threat that the inheritance would become smaller with each succeeding generation. By carefully arranged marriages the more successful cultivator families were able to protect their heritage of land. But any misfortune or act of improvidence could easily rob a family of its inheritance. Since land was scarcely ever for sale, and was in any case high priced, it was virtually impossible for a tenant-cultivator to climb toward ownership. Movement by cultivators along the tenure ladder was mostly downward.

Contrast with Red China

It is out of such conditions as these that the land reform programs of Asia have sprung. In non-Communist Asia, there are attempts to improve the status of the cultivators, or at least some of them. No public programs exist, as far as we know, designed to extend the plantation system of farming, even though this has proved a reasonably effective method of producing major cash crops—rubber, sugar, and hemp, among others. In such systems the cultivators are wage-hands. Nor is there open support for a modern version of an enclosure movement, which might sweep the cultivators from the land and open the way for larger scale farming with modern machines—although some such threat as this hangs over the heads of cultivators wherever the larger farmers undertake mechanized farming.

The land reform programs in free Asia stand out in stark contrast to the reforms undertaken in Communist China and its satellites. The free countries of Asia hold to the principle of the independent cultivator buttressed with private ownership of land, or at least land use and occupancy rights. This has been the generally accepted ideal. However, progress toward this ideal has been slow and hesitant. Everywhere there are tremendous obstacles, and in most countries the attack has been by bits and pieces. So it must be conceded that if the land reform programs, as now visualized, are to transform the agriculture of Free Asia, it will be only over a very long time.

Japan and Formosa

As we study the attempts to create a liberal farm economy in Asia the

Above, Chen and a neighbor spread rice to let it dry in sun near the house. Right, here he attends a farmers' meeting where various problems, such as prices of rice, new methods of farming, and buying of equipment, are discussed.

Below, Chen takes his half-yearly installment of rice to the Farmers' Association Rice Mill to pay for the land he acquired. After 20 such installments the land is his.

Japanese land reform following World War II will surely stand as the classic effort of this era. The cultivating peasants of Japan have been converted into owner-cultivators and tenancy has been reduced almost to insignificance. Only 4 percent of the cultivators are "pure" tenants; less than a tenth of the land is tenanted.

The typical farm in the rice-producing area is about 2½ acres in size, commensurate with the labor capacity of a tenant family at the time of the reform. These farms are assured readily available services of cooperative, credit, and advisory agencies. And since observers and analysts are generally agreed that present-day Japanese agriculture is technically progressive with an accelerated rate of new investment, presumably these achievements reflect in part the new dignity of ownership and the vistas opened up by the land program.

Whether Japan can serve as a model for the rest of Asia is another question. Here was a combination of circumstances without close parallel. For a full generation, land reform had been an active issue, with at least sporadic peasant movements. There were even ownership-favoring public programs but few tenants could meet the financial requirements. Still a framework for a comprehensive land reform program existed, and the stage was set for action. The private economic power of landowners was as nothing before the sanctions of an occupying army. The obstacles to reform simply melted away.

The distribution of land was administered village by village by local people. The contractual terms of land acquisition by the government and sales to the cultivator were based upon prewar values. With the postwar inflation the cultivators acquired the lands for the value of the crops for perhaps 2 years. Thus was wealth taken from all absentee landowners, small and large. However unjust, it was at least definite. By the time of the peace treaty the cultivators were owners and free of debt. It is small wonder that the Japanese farmers have been able to lay up savings in the past decade, and that a more invigorated agriculture stands as a monument to this effort.

A similar program has been carried through in Formosa, with comparable results. With the execution of the Land-to-Tiller Act of 1953, only 15 percent of the cultivated area was operated by tenants, the latter accounting for about one-quarter of the farm families. Prior to this act of 1953, rents on tenanted land had been reduced to 37.5 percent of the crop. In the purchase of privately held land and the resale to tenants, a system of "commodity" bonds was devised to assure the "real" value of the transfer payments, thus avoiding confiscation of property by inflation.

Southeast Asia

In Vietnam, as in Korea, land reform programs have been launched on each side of the critical parallel. In the north, reform has been according to Communist tactics; in the south, by the practice of establishing owner-cultivatorship. In both of these southern areas, large tracts of land were vacated by alien landlords who fled the country, and these were the first to be distributed.

Since gaining its independence South Vietnam has enacted a land reform program which restricts holdings to 140 acres. An estimated 1.7 million acres, or one-fourth the total arable land, has been scheduled for transfer or redistribution by this year. Also, the French Government has purchased all large French holdings and transferred title to the Vietnam Government as a form of aid. At present, an estimated 1.3 million farmers of a 1.6-million total are landowners, and it is expected that in a few years virtually all rural households will own their own land. Furthermore, legislation enacted in 1955 made a minimum 3-year lease mandatory; at the same time, land rent was restricted to no more than 25 percent of the harvested crop.

The land tenure programs of Southeast Asia are quite diverse, reflecting largely the differing social and economic histories of the several countries. In the Philippines, the emphasis is on improvement in the status of tenants, with notable dependence upon a system of tenancy courts. A major objective of this transformation is to relieve the tenants of the subservient status inherent in the traditional sharecropping (Kasama) system of tenancy. The government hopes also to reduce tenancy unrest, particularly on Luzon Island, by the settlement of tenants on the outer islands—especially Mindanao—as owner-cultivators. Land reform in the Philippines is subject to provisions of due process of law similar to those of the U.S. Constitution.

In most of the countries of Southeast Asia there are cultivable lands still to be cleared and settled, although they are characteristically upstream or on outer islands, away from the best soils of the great rice plains. Under these circumstances the land policies emphasize settlement and colonization. In both Burma and Indonesia, lands taken over from foreign nationals have presented major issues. The plantations in Indonesia formerly operated by the Dutch were largely preempted during the years of war and revolution by landless people who "squatted" on the lands, using them for subsistence crops. In Burma, land nationalization of absentee-owned land was justified in large part by the riddance of foreign landlords.

In the May issue of *Foreign Agriculture* Dr. Parsons will cover the land programs in Western Asia and Egypt.

Agriculture's Dominant Position in Australia and New Zealand

—and the prospects for an even greater expansion in the farm production and trade of these two countries.

By Mary Ellen Long
Far East Analysis Branch
Foreign Agricultural Service

Agricultural production and trade are basic to economic growth in Australia and New Zealand. In fact, although both countries have made great progress in their industrial production, agricultural exports are largely responsible for the favorable balance of payments situations that have developed in recent months.

Income from agricultural production represents over 30 percent of the value of all production in Australia, and over 50 percent in New Zealand. For export receipts, agriculture's percentages are even higher: 80 and 95. There is evidence that this trade dependence on agriculture will continue in both countries for some time to come. Forecasts indicate that they will expand farm production over the next several years, to keep pace with increased populations and yet maintain their present standards of living. And of this larger farm output, it is expected that about the same proportion would be destined for export as at present. This forecast has particularly interesting implications for Australia, where large investments are being made in industrial development.

Trends

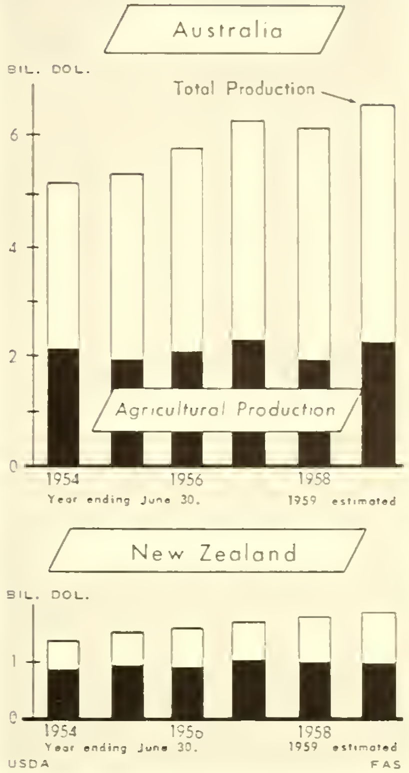
In general, both countries increased their crop and livestock production substantially in 1958-59, stressing a larger volume of output to maintain foreign exchange earnings at normal levels. The same policy was invoked during 1959-60, but drought cut down production in certain areas of Australia. Since 1958, world prices for wool and dairy products have shown a marked rise; this, combined with favorable marketing conditions for other agricultural products, resulted in favorable trade balances in 1959.

Land Development

Both countries have untapped resources in the form of undeveloped lands suitable to crops and livestock. New Zealand has a well-organized land development program. Its Land Survey Department, in cooperation with the States Advances Corporation, assists farmers in the development and financing of new farms at low interest rates. This program was originated for the rehabilitation of veterans, but has been extended to other qualified candidates. A prospective settler is carefully selected for his ability to farm successfully during the amortization period, which varies from 10 to 30 years. Then he is settled on a block of land which the Land Survey Department has already fully improved with pastures, livestock, housing, and fencing. He takes title to the land after repayment in full.

New Zealand is also giving increased attention to more efficient use of the land through drainage of water-logged soils, so that the land may become more productive in a crop-pasture rotation system.

In Australia, on the other hand, the Commonwealth and State Governments engage in the financing and development of new lands, but only in certain circumstances are farmers permitted to own the land. In most of the States, the land is subject to long-term leasehold. This policy applies to some of the larger land areas being developed in Western Australia and the Northern Territory, and some observers feel that it could become a deterrent to maximum development.



USDA FAS

Recent scientific research in Australia and New Zealand has stressed, among other subjects, the improvement of pastures so as to increase their livestock-carrying capacity. In New Zealand particularly, farmers have raised pasture productivity by fertilizing more heavily, using better mixtures of grasses and legumes, and adding trace elements such as molybdenum and cobalt to correct mineral deficiencies in the soil. It is interesting to note how rapidly these improved pastures respond to rainfall after periodic dry spells. Their productiveness also shows in the high outturn of hay even from a small acreage during a single season, as well as the amount of grass available for silage. Both hay and silage are used as supplementary feed for cattle. In parts of Australia, elimination of mineral deficiencies has been the secret of developing lands completely unsuited to crops or livestock.

Aerial fertilizing and seeding have been employed for a number of years in New Zealand both in the maintenance of established pastures and in the development of new land areas. In Australia, this technique has been adopted fairly recently and has been slow to gain momentum, but farmers are becoming more and more aware of its usefulness in large acreages.

Most of Australia's farming of wheat, rice, and other grain crops is already highly mechanized, as is New Zealand's dairy industry. Heavy machinery is employed in both countries for clearing land, for example the Brigalow area of Queensland in Australia and the hills of New Zealand.

Both countries have invested in rabbit eradication programs during the past 10 years, with the result of considerable savings in crops and pastures. Work continues on local problems like the dingo and the kangaroo, on other pests, and on diseases.

Irrigation

In Australia, and to a limited degree in New Zealand, recent years have seen considerable emphasis on the construction of waterholes and ponds to save more rainwater for stock. In this way many pastures can be used for grazing through more of the year. Australia permits tax concessions to individual farmers making this kind of capital improvement on their farms.

Except for the Snowy Mountains scheme, still under construction, Australia's irrigation is controlled by the various States. Total irrigated land is estimated at 2 million acres, mostly in New South Wales and Victoria along the Murray and Murrumbidgee River Basins. Newly irrigated areas are now being developed into farms near Red Cliffs, Victoria, and in the Cooleambally region of New South Wales. The Red Cliffs project consists of about 10,000 acres divided into 70-acre plots, to be used for expanding citrus and grape production. In the Cooleambally region, plans have been announced for the development of 500,000 acres, which will utilize some of the water from the Snowy Mountains project just recently connected with the Murrumbidgee River. About 200 farms of 50 acres each will be planted to fruits and vegetables, while larger farms of about 500 acres will be established for mixed farming such as beef cattle or fat lambs in combination with rice crops.

Trade Policies

The methods employed by Australia and New Zealand in promoting their agricultural trade are important to U.S. trade because their agricultural exports compete with those of the United States. Most of the export trade in both countries is subject to some form of control such as marketing boards, international trade arrangements, or promotion plans.

Both countries market their major agricultural commodities through marketing boards. Australia has federally legislated boards for the marketing of wheat, dairy products, eggs, meat, canned fruits, apples and pears, dried vine fruits, and wine. The Wheat Board has full trading powers and the Dairy Produce and Egg Boards engage in limited export activities. The others have supervisory and export-authorization functions. In certain State marketing boards for barley, corn, sorghum, and sugar, participation by producers is compulsory. Wool is practically the only commodity marketed freely by auction.

New Zealand maintains a similar system of marketing boards subject to regulatory legislation. Boards and commissions perform actual marketing functions for dairy produce, milk, meat, potatoes, and apples and pears. A Wool Commission established in 1951 regulates sales by assuring minimum prices for wool sold at auction.

Since 1956, both Australia and New Zealand have put more emphasis on channeling their exports to assured markets under bilateral agreements. Large quantities of Australian wheat and flour are marketed in this way, particularly to the United Kingdom, West Germany, Japan, and certain Southeast Asian countries. New Zealand has used agreements to assure markets for dairy products, apples and pears, and meat in the United Kingdom and West Germany, and for meat and wool in Japan.

Both countries have actively built up markets by trade missions and advertising campaigns abroad. Combined marketing-board and government financing has helped trade promotion.

Outlook

New Zealand still has some new lands which can be brought into development. More of its increased output at this stage, however, is likely to come from greater use of advanced technology and intensified farming on present lands. Australia, on the other hand, has a vast untapped potential, especially in Western Australia, Queensland, and the Northern Territory. The development of all these regions will depend upon whether enough people settle there to warrant the cost of transportation and other marketing facilities.

There is every indication that both Australia and New Zealand will continue to expand export outlets for their agricultural surpluses. They will make increased efforts to reduce costs of production, develop quality products, and improve packaging, to meet competition abroad. More and faster types of transportation are now giving them better access to foreign markets.

What will all this mean to their competition with the United States? Competition from New Zealand will continue to be largely in livestock products, chiefly dairy products and meat. Australia's agriculture, however, is more diversified, like that of the United States, and its production will continue to provide keen competition for several U.S. farm commodities in addition to dairy products and meat. New areas being brought into cultivation may well mean greater expansion of fruit crops—grapes for drying, deciduous fruits for canning, and citrus—as well as oilseeds and rice.

As a market for U.S. farm products, New Zealand will continue to be a steady user of U.S. tobacco. Australia's reliance on U.S. tobacco and cotton, however, will be limited by the extent that it can increase its own production in newly developed areas of Queensland, Western Australia, and the Northern Territory.

U.S. Dairy Cattle Are Rousing Interest in Western Europe

By Frederick M. Lege, III
Dairy and Poultry Division
Foreign Agricultural Service

Selling dairy cattle to Europe seems a little like carrying coals to Newcastle. Our dairy breeds are all of European origin—Ayrshires from Scotland, Holsteins from Prussia, Jerseys and Guernseys from the Channel Islands, Brown Swiss of course from Switzerland. Yet on a recent market development trip to Europe, I found that more and more European dairymen are interested in the distinctive qualities that U.S. breeders have built into these fine old bloodlines.

Dairy tradition in much of Europe still calls for a round, fat, dual-purpose animal, good at producing beef as well as milk. U.S. breeders, however, stress the sharp, angular "dairy" look. Experience is now showing many European cattlemen that the U.S. look usually means a long, useful life and high-producing offspring.

Market Possibilities

Everywhere on the trip, representatives of the U.S. agricultural attaché's office or of the local breed associations went along to give me assistance and information. In *Italy*, where U.S. exports have been averaging about 150 head a year, we checked particularly on Holsteins and Brown Swiss—the only imported breeds the Ministry of Agriculture will admit. U.S. Holstein bulls were first imported in 1935 and 1936; U.S. Brown Swiss were introduced more recently. Today, Italy has a better marketing potential for U.S. cattle than any other country except possibly Mexico, Venezuela, and Canada.

We met some enthusiastic boosters for American-type dairy cattle. When we asked one breeder whether he preferred American or European Holsteins, he answered unhesitatingly: "The only way we can get this production is with American Holsteins."

A breeder who is crossing U.S. Brown Swiss bulls on Swiss-bred heifers told us that the daughters conceive earlier than their Swiss-bred sisters and give more milk with a higher percentage of fat. True, their form is different from the traditional one the Italians know, and the calves give less meat. But on the whole, he was pleased with the cross.

At the Alessandria cattle show we met a dairy farm manager whose two U.S. bulls—one a champion in his age group—were a fine advertisement both for the farm and for their breed. All their bull calves from next year's crop were already spoken for—a most encouraging sign for any breeder.

From conversations like these, it was clear that U.S. Holsteins have proved themselves in Italy and are well on their way to competing successfully with Holsteins from anywhere in the world. With U.S. Brown Swiss, there is still much to be done in hastening Italian acceptance of the difference in form. But the angular dairy type cow that occasionally appears even in the most carefully bred dual-purpose herd is as a rule noticeably ahead of her stablemates in milk production. In such a case, the Italian dairyman, being basically a good businessman, is generally willing to sacrifice something of the traditional conformation.

One stumbling-block for U.S. cattle imports is the much lower production requirement set for European cattle. Even so, however, imports of American cattle have been exerting a stronger influence on the Italian dairy economy every year.

Yugoslavia is actively carrying out a policy of importing dairy breeding cattle and some beef cattle to increase its milk and meat supply. Transpor-

Below, sturdy Swiss dual-purpose cattle show traditional European emphasis on beef qualities; right, angular dairy-type U.S. cattle end air trip to new home overseas.

tation costs automatically rule out imports of U.S. cattle in large numbers, but this does not preclude some imports of high-quality breeding bulls, probably something less than 100 head.

In talking with Yugoslav officials, we learned that U.S. cattle have a good reputation in Yugoslavia. The Holsteins sent there in the days of the UNRRA program proved well adapted to Yugoslavia's fairly rigorous climate and were favorably received. Recent years have given further proof of the difference between cattle from northern Europe and U.S. cattle with their bred-in ruggedness.

The Novi Sad Fair (which is to open April 29) provides a chance to introduce some sound young bulls of proven heavy-producing parents. Prices that Yugoslavia has paid for Holstein bulls from other countries are high enough to encourage U.S. breeders to compete on the basis of high production per dollar spent—even including dollars for transportation. The right animals could mean repeat business.

Holstein breeders in *England* appear to be hovering on the verge of a major switch from dual-purpose-type animals toward the high-production American type. Most of the breeders we interviewed at the Reading Bull Show and Sale agreed in principle with one of their number, who put it this way: "For many years now we have been unable to decide which type was best for us, but our Milk Recording Service (begun 1948) gave us the answer. It's nice to have the fat calf to sell once a year, but we can make more money when we have more milk to sell every day."

This change will not cause large imports of cows from the United States or Canada, but it should stimulate imports of bulls from both countries. Transportation costs are basically the same from the two countries, and the buying atmosphere has been improved by the easing of U.S. dollar imports. How much of this market goes to U.S. breeders will depend on how vigorously they compete for it.

In *France,* I heard reports that the Ministry of Agriculture intends to further the development of dual-purpose dairy breeds, and that this aim can be reached through government control of purchases of bulls for artificial insemination, plus the very strict production and type requirements set for imports of bulls. While this policy continues, France will be no market for the specialized U.S. animal.

Officials of the French Friesian Herd Book told us, however, that though the French "Normandy" cattle are regarded as the epitome of the dual-purpose animal, Friesians are replacing them in many areas of France. Breeders themselves recognize that profits in dairying depend on the cow that specializes in giving milk.

Competition

Switzerland, with its almost constant oversupply of cattle and milk products, is a formidable competitor. To relieve these pressures, we were told, the government subsidizes exports of breeding cattle when the surplus becomes burdensome. The Swiss subscribe to the almost universal European tradition that dairy cattle should be good beef animals too. In the big cattle shows, experts of the breed associations in selecting the animals to be exhibited place 30 to 35 percent emphasis on beef types, and only 60 percent on milk-producing types; the other 5 to 10 percent is on draft types.

Switzerland's Brown Swiss exports to Yugoslavia and elsewhere have dropped off in the past year. The Swiss export effort is now to be focused on Latin America. After seeing some 700 head of the best cows in Switzerland, we believe that the U.S. breeder can compete with the Swiss one on the basis of type and milk production, especially when the price and demand for milk offset the slight Swiss advantage of heavier meat production.

A stop in *West Germany* seemed indicated by the fact that in 1957 it imported over 17,000 head of dairy breeding cattle. Germany also exports its own dairy cattle to countries in Europe and elsewhere; so it is a competitor to watch. As a market for our breeding cattle, however, its immediate possibilities are not good. For this, the reason is size—the U.S. Holstein or Brown Swiss is too big, too long, and too dairy-like to be popular in Germany.

The *Netherlands,* a 100-percent cattle-exporting country, allows no imports of dairy cattle. U.S. health regulations prohibit the Dutch from exporting cattle to the United States at present. They sell to Europe about 1,600 purebred breeding bulls and 13,300 purebred breeding cows a year —the bulls mainly to Italy, the cows to Italy, Yugoslavia, West Germany, and Belgium-Luxembourg. In the past 3 years, all but Yugoslavia have sharply decreased their purchases; the Yugoslavs, however, increased theirs more than 10 times over.

Dutch requirements on the health of exported animals are similar to those of the United States, but they have still others, plus very stringent special ones for Herd Book, or purebred, animals. These conscientious competitors are winning markets as far away as Latin America through this type of quality control, plus the interest aroused by their exhibits in international livestock shows. We can expect Dutch emphasis on foreign sales to increase in the near future.

Denmark we visited as a case study in how to increase foreign markets. Danish exports zoomed from 1,295 head in 1954 to 17,457 in 1958—obviously not without a well-planned campaign. Here were some of the methods the Danes used: (1) They set up entire herds of cattle in foreign countries, accompanied by Danish herdsmen to establish the herds and instruct the new owners. The accomplishments of these herds were widely advertised. (2) Danish herds participated in agricultural and trade fairs in many countries. (3) Stringent health and production requirements assure the buyer that he is getting actual breeding animals rather than "trading" cattle. A final touch is inspection by the Export Committee at the port of export, to be sure the shipment measures up.

Regardless of their success in the export field, many Danes have a sincere interest in U.S. Jerseys and Holsteins. Denmark breeds 95 percent of its cattle artificially, so any contribution the U.S. lines could make would be through sires for artificial insemination. Our breed associations could make new friends in Denmark by furnishing breed promotion literature, plus information on size, to help

(Continued on page 20)

Agriculture in North Vietnam Follows Model Set by Red China

By Hughes H. Spurlock
Far East Analysis Branch
Foreign Agricultural Service

North Vietnam is still largely a primitive agricultural society. Under the French, it had made a start toward industrial development, and some further expansion has taken place since the Communists took over in 1954. But the people look mostly to the countryside for their livelihood.

Such dependence on agriculture is common to the world's less developed countries, and would not alone attract any unusual attention. However, in North and South Vietnam, the turn of events has brought the Communist system and the free enterprise system face to face across the 17th parallel and operating under similar geographic, economic, and social conditions. A rapidly expanding and prosperous economy in North Vietnam would serve the Communist hopes and plans well, especially in Southeast Asia; and to accomplish this would necessitate, among other things, a highly successful agricultural program.

Are the Communists making North Vietnam a convincing showcase for their system? Sufficient time has not elapsed to answer the question definitely. But the limited information reaching the Free World suggests that the going is slow and that a formidable task lies ahead.

Land, People, and Climate

Occupying the northeastern part of what was formerly French Indochina, North Vietnam is approximately the size of Washington State. Of its 40.6 million acres, only an estimated 4.5 million (slightly over 11 percent) are tillable. High land predominates, with mountain peaks that reach more than 10,000 feet. On the slopes of the middle region, grazing and arboriculture are important. The mainstay of the country's agriculture, however, is found in a narrow belt of lowlands along the coast, which spreads out to 40 miles in the Red River Delta area. Much of the soil here is only moderately fertile, and crop yields are low compared with those of the world's better agricultural areas.

All of the country falls within tropical latitudes. Two monsoons separated by short transitional periods, together with the wide variations in altitude, combine to give the country a heavy but erratic rainfall ranging from 50 inches a year in some areas to 150 inches in others. Droughts, floods, and typhoons are common occurrences and give rise to periodic food shortages.

The population of some 14.6 million is 90 percent rural. Density for the whole country is an estimated 435 persons per square mile, but distribution is uneven; most of the people are crowded into the coastal farming areas. The educational level is low, and technical training is backward even by the standards of other underdeveloped countries. The hot, humid climate and the inadequate medical and health facilities mean that the people are plagued with many diseases. The climate also limits the amount of work that a labor force can do day after day.

These are some of the factors that make North Vietnam an interesting first experience for the leadership of the Sino-Soviet Bloc, especially in the Soviet Union and the European satellites. Here the Bloc is face to face with the difficult and unfamiliar problems of the tropics, in a country that has hardly made a start toward the modern technological age. Its economy is almost the opposite of the advanced industrialized economy that the Marxists foresaw being replaced by the Communist system in the sweep of history. The problems that the Communists faced in China afford the closest parallel, but even there the economic foundations on which to build were further advanced.

Agricultural Policy

From the time of its inception, the North Vietnamese regime has left no doubt about its intention to adopt the orthodox Communist system. The leadership has drawn heavily on the experience of other Bloc countries, especially Red China. The land reform program and the formation of mutual aid teams, emerging into so-called producers' cooperatives, follow in Chinese footsteps. North Vietnam has not embraced the commune system as China has done, but it is still a long way from the stage of organization that China had reached before adopting the communes.

It is not surprising that Red China's influence is strong. The two countries have close ethnical ties, share a common border, and have similar economic problems. Moreover, China played a major role in enabling North Vietnamese officials to gain power; thus, in effect, North Vietnam is a Chinese satellite.

In general economic policy, the North Vietnamese concentrated first on economic reconstruction (1954-56) before launching their current eco-

(Continued on page 22)

The Malgache Republic

Now a self-governing member of the French Community, Madagascar has acquired a new name and has embarked on a program of expanded agricultural development.

In October 1958, when France offered its colonies membership in a French Community as internally self-governing republics, Madagascar was the first to accept this new status. On becoming an autonomous republic, it took a new name—the Malgache Republic—and at the same time set out to expand its economy through agricultural development. It has launched a five-way program and is receiving financial help from France and the European Economic Community in carrying out parts of it.

The Malgache Republic is the world's fourth largest island. It lies in the Indian Ocean 250 miles off the southeast coast of Africa, and is 980 miles long and 360 miles across at its widest point. Its climate is mostly tropical. The Malagasy—the name given the islanders—number over 5 million and the population is rising at a rate of about 100,000 a year.

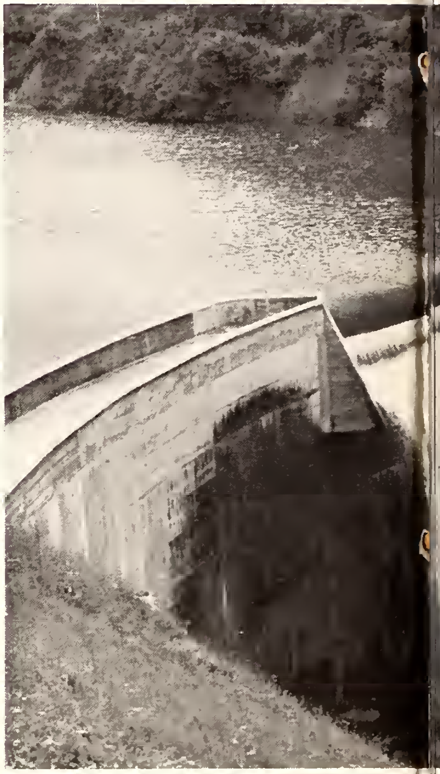
The economy of the island is mainly agricultural. Eighty percent of the people derive their livelihood from the land and 90 percent of the country's exports are agricultural products. France is the No. 1 export market and the United States ranks second.

The United States, however, is the No. 1 customer for vanilla, taking about 90 percent of its imports from the Republic, which supplies 60 percent of the world's vanilla. The United States also buys some Robusta-type coffee, which is popular for instant-coffee compounds.

Coffee is the country's chief export earner, with France buying by far the largest amount. But rice, the staple food and in recent years a leading export crop, occupies over half the cultivated land. The second largest area under cultivation is devoted to cassava, from which tapioca flour and starch are made. It is also important in the export picture, both in its raw dried state and as a processed product.

The United States imports some tapioca flour from the Republic, along with cloves, clove leaf oil (in which Malgache has a near monopoly), raffia, and some mineral products. The island also grows and exports a number of other items including sugar, tung oil, tobacco, peanuts, sisal, cacao, pepper, essential oils, and others.

In addition to crops, the Malagasy raise cattle, sheep, goats, pigs, and poultry. Their Zebu cattle are currently being crossed with imported Texas Brahmans in order to develop heavier, earlier-maturing beef cattle. Efforts are being made to develop markets for canned and chilled meat in the Middle East. The cattle industry feels that improved transportation and more modern slaughter and processing facilities could produce 100,000 metric tons of chilled and frozen beef for export annually.



A modern dam harnesses the waters of th
for Tananarive's more than 200,000 people

Stalls of fruit adjoin those selling straw hats in the bazaar-like markets of Tananarive, capital of the Malgache Republic. Its exports are also largely tropical commodities.

The Malgache agricultural development program has five major objectives: Soil conservation through elimination of erosion and brush fires, soil improvement through fertilizers, development of credit sources for creating collectives and maintaining farm machinery, technical assistance to

Sugarcane, right, adapts well to the island's tropical climate and grows to great heights. Right below, rice, the staple food, is harvested with modern combine.

Photos by Gordon R. Schlubatis

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The Republic's rural engineering service plans to provide irrigation for 74,000 to 99,000 acres in the Lac Alaotra area at a rate of 7,413 acres a year. In the past 12 years the engineering service has brought nearly 62,000 acres in that area under irrigation, which is used primarily for rice.

Price stabilization schemes will be directed toward major export commodities, such as coffee, cloves, sisal, cotton, and tung. The French Tobacco Regie has set up a fund to carry out a shift in tobacco production from Maryland type to Virginia, Burley, and Kentucky types. This is expected to benefit growers substantially.

The European Economic Community, through its Development Funds for Overseas Countries and Territories, will finance two irrigation projects in the Republic. One, in the rice region around Lac Alaotra, will cost about $1.6 million. The other, in the plains of Tulear Province in the southeast, will cost about $2 million.

Other agricultural development is being aided by France. Reportedly, the Fonds d'Aide et de Cooperation (FAC) has allocated $1.4 million for development and extension services. An additional sum of nearly $800,000 has been earmarked to study the Mangoky River Basin and develop an agricultural research station to further expand the island's cotton production.

Children play in front of home in coffee area. Coffee is the country's leading export item and France the main buyer.

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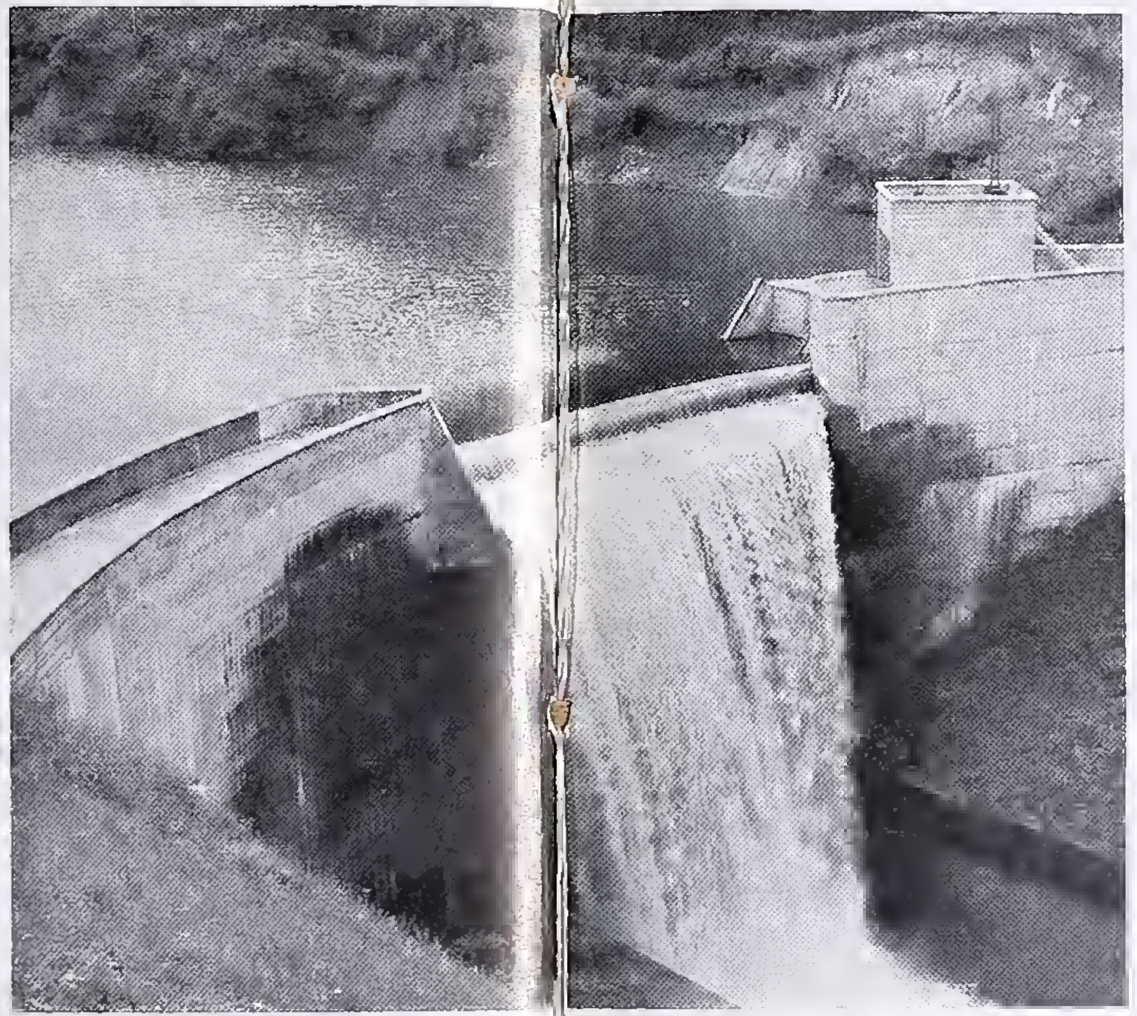
Stalls of fruit adjoin those selling straw hats in the bazaar-like markets of Tananarive, capital of the Malgache Republic. Its exports are also largely tropical commodities.



A modern dam harnesses the waters of th Betsiboka River to supply electrical power for Tananarive's more than 200,000 peop Two irrigation projects are also scheduled.

Sugarcane, right, adapts well to the island's tropical climate and grows to great heights. Right below, rice, the staple food, is harvested with modern combine.

Photos by Gordon R. Schlubatis

Children play in front of home in coffee area. Coffee is the country's leading export item and France the main buyer.

Modern Trade Fairs Have a Long History

Each year U.S. agriculture participates in international fairs that have evolved from the great merchant fairs of the Middle Ages, where goods and foodstuffs from all over the world were traded.

For the past 5 years the products of U.S. farms have been seen, sampled, and sold at trade fairs around the world. Visitors to these big international exhibitions have eaten U.S. fried chicken, smoked cigarettes made of American tobacco, and watched the preparation of meals from the vast array of U.S. convenience foods. They have attended fashion shows featuring clothes of U.S. cotton, and have gazed at cattle and other livestock that have thrived on U.S. feed grains.

Much of this is new, brand-new, to the crowds that attend these fairs each year. But the fairs themselves, despite their glittering displays and modern architecture, are no novelty, at least not to Europeans. They have been going on for centuries. One of the well-known fairs in Europe traces its charter back to the year 1219, another to 1268. And today, just as in times past, trade fairs serve the same purpose—to bring buyer and seller together at a particular time, in a particular place.

Nobody knows when fairs began. There were fairs in Old Testament days. The Greeks held fairs, and so did the Romans—in fact, the word "fair" probably derives from the Latin *feria,* or holy day. The great fairs, though, were the medieval fairs, and it is from these that the modern-day fairs have evolved. Some of them were doing business as early as the 8th and 9th centuries, but it was not until the upsurge of commerce and industry in the 12th century that the medieval fair reached its peak and completely revolutionized both trading and banking.

The Fairs of France

International Samples Fair, Barcelona

The most famous of all medieval fairs were those of Champagne, a yearly cycle of six enormous markets for the distribution of goods, held in Troyes, Provins, and other nearby towns, each lasting 2 months. Lying to the southeast of Paris, the Champagne section was the focal point of Europe's trade; here all routes from north and south, east and west converged. And over these roads and up the rivers came traders from all over the world, with merchandise as varied as the merchants—silks from the Far East, woolen goods from Flanders, linen from Brittany, furs from Scandinavia and Russia, iron and leather goods from Germany, wines from the south of France and Spain, spices from the Orient.

It was at the Champagne fairs that Europe paid its debts and borrowed money. The businessmen of Milan and Florence—Lombards, as they were called—would come well armed with money, for they might be called on to make a loan to the King of England or finance one of the new city-states. Many business techniques still in use originated here. Coin was weighed for the first time at the Troyes fair—hence the measure Troy weight—and letters of credit were first issued. Later on, in the 15th century, when the Champagne fairs had fallen on hard times and the fair in Antwerp was attracting the world's trade, the first international stock exchange was born in a graveyard in that city. By this time the commodity fairs, wherein goods were exchanged for goods, were being replaced by the samples fair. Meeting in the graveyard the merchants did their business by ordering instead of exchanging merchandise, and eventually the city of Antwerp built them a hall for this purpose.

All over Europe these medieval fairs flourished. There was hardly a big city that at some time or other did not have one, for they not only provided the economic necessities of life but they brought riches to the king, count, or local government that ran them. Eventually these fairs were doomed. Cities grew and built up their own trade centers. Modern industries developed and a new merchant class sprang up. Europe's last medieval fair, at Nizhni Novgorod on the Middle Volga, survived until 1930 when Stalin abolished it, along with some 18,000 local fairs, as not fitting a state-controlled trade program. This fair as late as 1900 did a $100-million business, half of Russia's annual foreign trade.

U.S. Participation

Today there are about 185 international trade fairs scattered around the

Above, clutching her toy balloon, youngster at Cologne fair munches on U.S. doughnut. Right, German housewives learn about U.S. frozen foods at International Food Fair, Munich.

world. Some, such as Leipzig and Poznan, still possess their ancient charters. Others are revivals of fairs that originated long ago, while many are fairs that started in the Twenties, died out during World War II, and then came to life again as prosperity returned to Europe and other parts of the world. A few are newcomers.

U.S. agriculture began going into these fairs in 1955 as the result of market development funds being made available through sales abroad of U.S. surplus farm commodities under Public Law 480. In this brief span U.S. farm products have been shown in 50 such fairs, reaching over 24 million persons, in 17 countries. Products shown have ranged from soybeans, tobacco, feedstuffs, and dried milk to an extensive assortment of easy-to-prepare foods with consumer appeal—frozen poultry, dairy products, rice, citrus products, canned fruits, and many others. In practically all cases, fair exhibits represent the cooperative efforts of the U.S. Department of Agriculture and various U.S. agricultural trade groups.

The United States started its 1960 fair season in February at Bombay, where a milk recombining plant, U.S. wheat, and U.S. soybeans were featured. This was followed last month with an exhibit of U.S. feed supplies and dairy breeding stock at the *International Agricultural Fair in Verona.* The other fairs in which U.S. agriculture will be represented include:

"Floriade," *International Horticultural Exhibit, Rotterdam, March 25-September 25.* In this tremendous exhibition of horticultural plants from all over the world, the United States will feature, among other things, a typical American suburban home landscaped with native U.S. plants and shrubs. A young American couple will live there and act as hosts.

International Samples Fair, Barcelona, June 1-20. Here U.S. cotton will be featured, with a fashion show of children's and teenager's clothes and exhibits pointing up cotton's many uses in the home.

Poznan International Fair, June 12-26. Exhibits at this Polish fair will be a joint USDA and Department of Commerce project. Agriculture's share will be given over to livestock feeding demonstrations based on U.S. feed grains and soybean oil meal.

British Food Fair, London, Sept. 1-17. This is one of the big fairs attracting thousands of consumers and businessmen. Here the United States will put on an impressive showing of foods—wheat and wheat products, honey, rice, poultry, meat products, and wide assortments of frozen, packaged, and canned foods that come to the housewife cleaned, peeled, sliced, and often precooked.

International Fair of Thessalonika, Sept. 4-25. In Greece, as at Poznan, the United States will stage a livestock feeding demonstration.

International Exhibition of Groceries and Fine Foods, Munich, Sept. 23-Oct. 2. Like London this is a big fair, and again U.S. foods appealing to the consumer will be the highlight.

Several fairs may be added to the schedule later on, namely Zagreb and São Paulo. Also, throughout the summer and fall, mobile units designed to show farmers advanced techniques in livestock feeding will travel throughout Spain accompanied by "The Champ," a giant model of a Hereford steer which opens up to show the digestive, milk-producing, and reproductive processes of cattle. Making its appearance in Europe for the first time last year, the big steer drew crowds wherever it was shown.

New Zealand and Australian Producers Bulk Handle Their Apples and Pears

New Zealand and Australian apple and pear producers in recent years have become increasingly conscious of the highly competitive market for their fruits overseas, particularly in the United Kingdom and on the Continent. The goal of both areas is to offset the disadvantages of geographical location and to insure shipment of the best possible product to the foreign market at the lowest possible prices.

Producers in both countries, with the cooperation of their respective governments, have continued to develop new techniques of handling fruit. Currently, the most widely adopted is bulk handling, which covers a number of different operations, all designed to facilitate the conveyance of fruit from the orchard to the market in the best condition, with a minimum of waste.

New Zealand is credited with pioneering in the field of bulk harvesting of apples and pears. Introduced about 1952, the system is now highly developed in that country. Australia picked it up in 1955 and it is now widely used in Tasmania, the country's principal apple and pear-producing State. This harvesting method has also spread to South Africa, Canada, and the United States, and growers in the United Kingdom are interested in it.

The key to bulk harvesting is the rectangular 25-to-100-bushel bin which permits the handling of more fruit in one operation. These bins may be mounted on wheels as trailers, pulled by tractors directly into the packing sheds, and placed in a position to feed the fruit into the conveyor. When unmounted they are easily lifted from the tractor or truck platforms by hydraulic lifts or hoists. This permits easy storage of the fruit until it is to be fed into the conveyors for sorting and packing.

After the fruit is placed on the conveyor, it is picked up by elevator shelves and transmitted into the feed hopper. The feed hopper is considered one of the most important pieces of machinery in the entire process. It is constructed with springs so that when it is fully loaded a mercury cut-off switch operates to prevent overloading. The weight and pressure of the fruit in the loaded hopper permits single apples or pears to move easily onto the sorting tables for inspection and then into the proper grading slot containers.

An innovation in the packing of apples originated in Tasmania in 1958. Bulk containers were developed with a 25-bushel capacity of unwrapped fruit. These containers, or bins, have a solid wooden framework and are lined with a hard fiberboard. Although the smooth side of the fiberboard forms the inside, most of these bins are lined with cardboard to afford even greater protection for the fruit. The wooden framework of the bin is also constructed on a standard pallet platform with steel hooks on each of the four corners. The platform facilitates easy movement by fork-lift trucks at the warehouses and docks while the hooks are used to load the fruit aboard ship.

Chief value of this shipping method is that the fruit arrives at its market destination in good condition. On arrival in the United Kingdom, checks were made of the condition of the bulk-bin fruit compared to that of individually wrapped and boxed fruit. Losses from bruising and blemishes were much less than they were with boxed apples. Also, the bulk-bin method requires only a minimum of handling as well as lower labor costs in unwrapping and sorting prior to distribution into retail outlets.

Both New Zealand and Australia have recently adopted the practice of pallet-loading of fruit for export with the introduction of hydraulic fork lifts. A number of boxes of apples or pears may thus be transported simultaneously — into cold storage awaiting shipment, or from storage to the docks for loading aboard ship.

The initial investment in bulk harvesting and handling equipment may seem high. However, the savings that are made in the cost of labor and in the reduced losses from waste, particularly in the larger packing sheds, could justify the extra expenditure.

New Development Bank Set Up in Australia

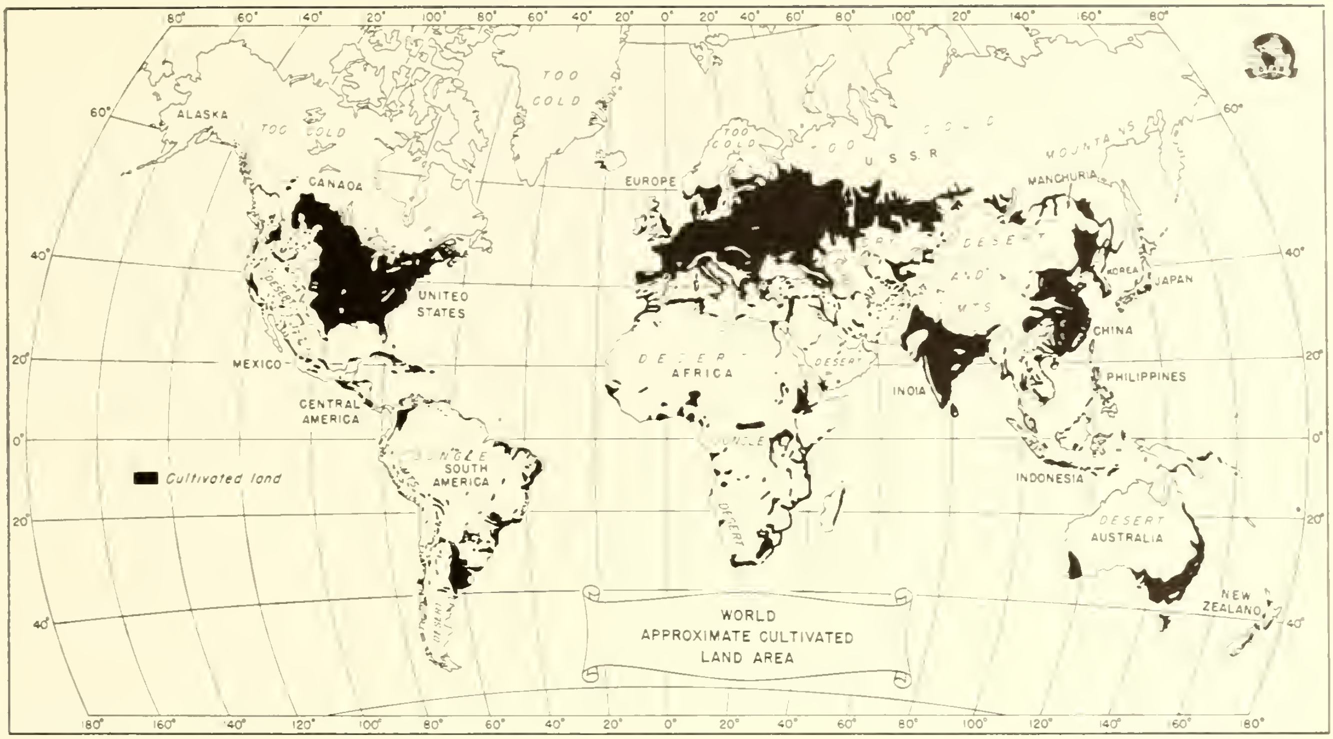
Australia's farmers and farm organizations have welcomed the establishment of a new bank to provide finance for agricultural producers and small industrial undertakings. The Commonwealth Development Bank, which began operations on January 14, stresses loans for projects that will increase the productivity and efficiency of the farm or business involved but that cannot be financed from other sources on suitable terms.

The new bank's lending policy points toward loans that have development features, as against those that merely change the ownership of land or other assets. The goods or equipment financed must be for use in the borrower's own business, and the rural borrower must be—or plan to be—directly engaged in agriculture as his principal activity. In the beginning, maximum interest will be 6 percent, but rates will be influenced by how essential the project is and what the risks are. No upper limit on loans has been set, though the Bank would prefer to keep its rural loans below about $56,000. While borrowers are expected to provide the maximum security, each case is considered on its merits.

In appropriate cases, the Bank provides hire-purchase facilities similar to installment buying, for producer goods such as farm tractors, agricultural implements, or trucks. The borrower pays rent for the use of the goods, plus deposit and hiring charge. At the end of the contract period, he becomes the owner.

The Commonwealth Development Bank was created under recent legislation that reorganized the former Commonweath Bank structure by separating its trading functions from its central banking. A new Reserve Bank of Australia now handles all central banking; the Commonwealth Banking Corporation, of which the Development Bank is a unit, handles trading.

Agricultural groups in Australia hope that the new Development Bank will be important in providing stable finance to farmers, including young settlers on the land who do not have sufficient means to establish themselves.



U. S. DEPARTMENT OF AGRICULTURE

World's Cultivated Cropland is very small part of the earth's surface

Although agriculture is the world's leading occupation and agricultural commodities loom large in trade between nations, the amount of land on which man grows his crops is surprisingly small: Of the 39 billion acres that compose the earth's land only 2½ billion to 3 billion acres are now being cultivated.

Most of this cropland is in the middle latitudes—from 30° to 60° north of the Equator and approximately the same south of the Equator. The bulk of the remainder lies in the low latitudes between these two high-production areas. Also, four areas predominate—eastern North America, Europe and western USSR, the Indian Peninsula, and eastern China; and four countries—the United States, the USSR, India, and China—have about a fourth of the cultivated land.

To some extent man himself is responsible for this global agricultural pattern. Far more important though is physical environment which sets the limits to what will or will not grow in a given region. The three principal factors in physical environment are climate, soil, and land forms, and it is a composite of these three that determine land use capability.

Climate

Every plant thrives best under certain interrelated conditions of temperature, moisture, and light. In some parts of the world, temperature is often the most limiting of these climatic elements. The polar and tundra regions are unsuited for crops because they are too cold, and in the subartic regions shortness of season restricts them to quick-maturing vegetables and grains. Moving toward the Equator, various cold limits are passed. For example, commercial corn production is not profitable below the mean summer isotherm of 66° F. Sugar beets grow best between the isotherms of 67° F. and 72° F., while the limiting line for cotton is 77° F. Crops requiring uniformly high temperatures, such as bananas, are not grown outside the Tropics.

The warm limits are less clearly defined but nevertheless are important. Coffee needs the year-round growing season of the Tropics but does best in the highlands where the average monthly temperatures are between 60° and 80° F. Certain deciduous fruits need a long frost-free growing season but also require a period of dormancy brought on by frost.

As to the other two factors, moisture and light, every plant has a dry limit, though requirements vary greatly. There is also a wet limit. Cotton, for example, is not grown in those subtropical and tropical areas that have heavy rainfall during the maturing season. Light, of course, is essential for plant development; its intensity and duration set production patterns.

Soils

Soil character influences the kind and quality of plants that can be grown, often negating favorable climatic conditions. Climatically there are many parts of the world where rice can be grown, but only soils that hold water on the surface for long periods make good rice paddy. Tree crops, on the other hand, require deep well-drained soils for root-system development; and root crops give the best yields on soils of medium texture and loose structure.

Soil character, however, is not always an index to production. The

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This article was adapted from *Geography of Commodity Production*, by Richard M. Highsmith, Jr., and J. Granville Jensen, Professors of Geography, Oregon State College. J. B. Lippincott Company, 1958.

world's best soils are the chernozems of the middle latitude lands. Unfortunately, precipitation is not always sufficient to permit full utilization, hence they are often best suited to grains and grasses. In the Tropics where vegetative conditions are ideal, the soils are low in nutrients. So except for the alluvial soils of floodplains and deltas, the best farmlands are in the humid regions of the subtropics and middle latitudes.

Land Forms

Farming potential also depends much on the form of the land. Whether an area is mountainous or hilly, whether it is made up of plateaus and plains, and the arrangement of these features with respect to oceans and winds, will affect the climate. Also, the degree of slope determines drainage, which in turn affects stability and development. Generally slopes are less favorable than nearly level lands, but there are exceptions. For example, fruit trees in the subtropics and middle latitudes often occupy sloping land where good air drainage minimizes the danger of frost.

When all these essentials—temperature, rainfall, light, soils, and land forms—are considered, vast portions of the earth do not meet the requirements for crop production. And of the world's total cultivated land, probably no more than two-thirds are actually growing crops in any one year; the remainder is largely in temporary fallow or pasture.

The question, therefore, is often asked—how much new cropland can be added to what already exists? No world inventory of potential croplands has ever been made. Yet in recent years geographers and agricultural scientists have speculated on the possible limits of agriculture, and most of them agree that the absolute bounds have not been reached.

The best lands, naturally, are now being utilized, but agricultural technology may make possible the use of large areas of the Tropics. Irrigation may be extended to the deserts, and the dry cold frontiers may be pushed back. So while any answer to this question is debatable, the estimates now range from 1 billion to nearly 8 billion additional acres.

Foreign PRODUCTION NEWS

Rhodesian farmers grew a brand new variety of flue-cured **tobacco** in 1959. Named White Gold, it compares favorably with other Rhodesian flue-cured varieties. It has been placed on the government's prescribed tobacco list. It is illegal to grow, distribute, or export seed from any flue-cured tobacco type not on this list.

Japan's record 1959 **rice** crop was attributed mainly to favorable weather in the northeast during the maturing season. The bumper harvest was estimated at 406,000 tons (brown rice) above 1958 production and 14,000 tons over the previous record crop.

Sweden's farmers planted a little over 130,000 acres of **rapeseed** last fall—nearly 78,000 acres less than in 1958 and only half the acreage sown in 1957. Poor climatic conditions were responsible for this drop.

A cyclone, which struck **Mozambique's** most important **cashew nut** growing area recently, reportedly destroyed thousands of acres of trees in full production. Although the total extent of the damage has not yet been ascertained, Mozambique's cashew exports this year will probably be adversely affected.

Mauritius also suffered from storm damage last month, when the worst typhoon in 70 years flattened thousands of acres of **sugarcane.** This Indian Ocean island is the biggest exporter of sugar among Britain's colonies, and depends on it for foreign exchange.

El Salvador's cotton production is expected to decline this season for the first time since 1950-51. The 1959-60 crop—estimated at 150,000 bales—is 15 percent smaller than last year's output. Acreage has dropped even more sharply than production—down more than 21 percent from last year. Tight production credit brought about by lower prices and prospects for further price reductions are credited with reversing the trend.

Many of **Australia's cattle** areas—mainly in the north—have received only scattered rains in the past 3 years. At present pasture grass is almost nonexistent. Rains fell in some areas in January, but extensive moisture is needed to prevent drought conditions from worsening and cattle populations from declining further.

Egypt expects its 1959-60 **cotton** crop of nearly 2.1 million bales (500 pounds gross) to be the largest in 22 years. It is currently estimated to be 41,000 bales above last year's crop and 22 percent above the average for the preceding five seasons. Favorable crop conditions have resulted in excellent yields, which will offset a 7.6 percent reduction in acreage. Although output of extra-long staple declined, production of medium-long Giza and long staple Ashmouni types rose.

Pakistan has abolished all licensing of **jute** acreage, which had been in effect for many years, because plantings have been declining. Pakistan lost its control of the world jute market when India and Brazil began exporting. Jute acreage has dropped from about 1.8 million to less than 1.4 million in the last decade.

Peru's 1960 **rice** crop is forecast at a record 620 million pounds (rough)—17 percent above last year's production. Favorable weather, plentiful water, and good prices for milled rice have contributed to the increase. Also, in some parts of the country rice is being planted on land once devoted to cotton.

The **Chilean** Government is now strongly encouraging expansion of **oilseed** acreages with an eye to making the country self-sufficient in edible oils. Farmers have planted over 87,000 acres of rapeseed this crop year, an increase of 70 percent over 1958-59. Sunflowerseed acreage has risen 7 percent.

Tobacco output in the Fort Jameson area of **Northern Rhodesia** totaled 1.7 million pounds in 1959—53 percent greater than in 1958. The new producing region might have been abandoned, however, had the government not subsidized the price of tobacco grown there. It paid the difference between the 40 cents a pound for flue-cured received by growers in other areas and 25 cents received for tobacco grown in the new region.

This Indonesian village square, filled by bundles of rice being dried before threshing, symbolizes the central position of rice in the diet. The country is striving to end its need for rice imports.

Photos courtesy ICA

Indonesia Plans "Operation Prosperity" For Self-Sufficiency in Rice

By James E. Ross
Far East Analysis Branch
Foreign Agricultural Service

This year Indonesia is launching a 3-year program aimed at making it self-sufficient in rice by the end of 1962. Known as Operation Prosperity, this program represents a marked shift in farm policy, with less stress on the long-term mechanized development of new lands and more on the intensified use of present lands.

Basis for the change in emphasis is Indonesia's need to expand its rice output faster than is possible through long-term land development. Rice is the one important food crop in which the country is not self-sufficient. It has been importing about 700,000 tons a year—roughly 8 percent of its consumption. At present rates of population growth, it will need to import over 100,000 tons more each year unless it can achieve an almost immediate production increase to bridge the gap until the land projects begin to show results.

Not only the growth of the population but also its uneven distribution makes the rice problem a severe one. In this island-chain republic, stretching over 3,100 miles from east to west, two-thirds of the people live on Java and Madura, which have less than 9 percent of the total area. The rest are scattered among the other islands, many of which are fertile but not exploited. This wide geographic spread means that local surpluses cannot easily be transported to where they are most needed—a problem that has increased during the past 2 years of civil disruption.

The internal difficulties have also hampered the production and transportation of Indonesia's export crops, and thus limited the foreign earnings available for rice imports. More than half these earnings come from agriculture—rubber, copra, tobacco, tea, coffee, palm oil, and sugar—and the volume of exports was down in both 1958 and 1959. Indonesia has maintained a favorable trade balance only by a severe cutback in imports, plus special trading arrangements such as P.L. 480 agreements with the United States and barter agreements with various other countries.

Operation Prosperity

Indonesia's new plan for filling the rice gap is to step up production on

Through this village is to run a highway linking North and Central Sumatra. Lack of transport on and between islands hampers the movement of crops and supplies.

present rice land and postpone the all-out effort to open new lands. The country's rice crop has been rising, but rather slowly. For 1959, it was forecast at 7.9 million metric tons—about 5 percent larger than in 1958 and 6 percent larger than in 1957. Indonesian experts say that improved, high-yielding seeds could bring a 10-percent increase in yields within a year; if used with nitrogenous fertilizer, another 10 percent.

High-yielding seeds are available from the improved rice varieties that have been developed. The rice seed farms now in operation are scheduled to be improved, and the areas planted with the new varieties are to be expanded. One of the problems has been to get enough improved seed to the farms in time for planting. Even when this is achieved, local shortages sometimes mean that the precious seed goes into the farmers' rice bowls.

Fertilizer demand, especially for nitrogen, is rising faster than supply, as more and more farmers learn what fertilizer can do for their rice crops. With no nitrogen production of its own, Indonesia must import; but in 1958 and 1959, its difficult foreign exchange situation forced cuts in fertilizer purchases. The Export-Import Bank is financing construction of a urea plant near Palembang, Sumatra, with an estimated annual capacity of 100,000 metric tons of urea; but production cannot begin before 1963.

As with improved seeds, the problem has been to get the available fertilizer onto the rice fields in time. Under the new plan, these distribution problems are to be tackled through the paddy centers, or local production credit associations. Indonesia has about 50 of these, servicing about 270,000 acres of land all together. The average paddy center has a rice mill and warehouses for storing rice and agricultural supplies. Besides making its facilities and supplies available to the farmer, it can purchase his crop. Under Operation Prosperity, it will grant him credit in the form of high-yielding seedlings and fertilizer, to be repaid in paddy rice after the harvest. This means that he will have the use of these production aids at the time when he needs them most, even though he may have no cash left.

The reliance being placed on the paddy centers shows in the rapid expansion scheduled for them. By 1961, there are to be 150 new ones, each servicing nearly 10,000 acres. By 1962, the total number of centers is to be 500; the total area serviced, 6.2 million acres.

Previous Programs

The new program is part of a long-range agricultural policy to make the country self-supporting in food production. Previous plans have been well conceived, but have had varying degrees of success because of insufficient capital, lack of trained technicians, and inadequate use of improved production practices.

One of these earlier plans, undertaken in 1951, called for achieving self-support by 1960. In its first years, rice imports decreased so markedly that the government thought self-support might be attainable much sooner. Revising this opinion, it later announced a 5-year plan for completion in 1959.

Even by 1958, however, the need of a stronger effort was apparent. For the short term, the government decided to continue encouraging more yard and garden cultivation of food crops such as rice, cassava, corn, small fruits, and vegetables. For the long term, it proposed to intensify present agriculture, especially in Java; to open dry land areas outside Java for mechanized cultivation; and to clear and cultivate considerable marshy areas.

To develop some of these new lands, the government signed agreements in 1959 with Japan, the USSR, and Czechoslovakia for about 850 tractors and other necessary equipment. About 280 tractors arrived from Czechoslovakia last May, but too late to be used in the rice-growing project that year. The USSR agreed to finance two 22,000-acre mechanized rice farms, as pilots for 20 others.

But the 1959 crop showed that self-sufficiency was still far away. Production of rice was 8 percent below the goal of 8.6 million metric tons (milled). Cereals supply more than half the calories in the Indonesian diet, and rice alone, more than 40 percent. It seemed clear that the country could not wait for the new lands to bring in the needed increases.

Outlook

Operation Prosperity, while technically quite feasible, may be difficult to carry out. Foremost among the hurdles it faces, besides shortages of improved seed and fertilizer, is the lack of trained personnel to administer the additional paddy centers and distribute the "credit in kind."

The same staff shortage exists in the extension service, where agents must double as crop reporters. This means a gap between research, which has shown Indonesian experts how to raise rice yields, and its practical application in the field. The training program set up by the government (with some U.S. technical assistance) may fill this gap—but perhaps not in time to help Operation Prosperity.

U.S. Dairy Cattle in Europe

(Continued from page 10)

Danish breeders visualize U.S. breeds.

The *Channel Islands,* which gave their names to two famous dairy breeds, both suffered from German occupation during World War II. This interrupted cattle breeding operations and set back breed development. Breeders on the Isle of Jersey have some interest in artificial insemination, though no AI stations exist there today. To renew their bloodlines, they might possibly consider some cattle imports, or the setting up of AI facilities where U.S. sires might be useful.

The Isle of Guernsey, on the other hand, already has an AI program, which the breeders are using to recover from wartime setbacks and to overcome some health problems. Importation of live bulls is remote; that of frozen semen, perhaps less remote.

Breeders in both Jersey and Guernsey have considerable interest in the activities of their American counterparts and welcome exchanges of visits and information. This was also true elsewhere in Europe; and where new markets for U.S. dairy breeds are developing there, it is because European buyers have been able to get the right kind of information.

U.S. Agricultural Exports Rise by $100 Million in '59

U.S. exports of farm products totaled $3,950 million in calendar 1959—2 per cent more than in 1958. In volume, the increase was 6 percent. There were gains for most major items, including vegetable oils, feed grains, wheat and wheat flour, rice, animals and animal products, and vegetables. Losses were mostly in cotton, but also in tobacco and fruits.

Farm exports excluding cotton rose 10 percent, to $3,505 million; and by the last quarter of the year cotton exports too had begun a substantial increase that is still going on. Total farm exports in the past 4 years averaged the highest on record for any consecutive 4-year period.

Competition for foreign agricultural markets was strong in 1959, as world agricultural production remained at the record level of the previous year. This high output, plus large beginning stocks in many countries, increased the volume of world agricultural trade, and the United States retained its share of this larger world market.

Expanding economic activity in the highly industrialized countries contributed most to the increase in U.S. agricultural exports. U.S. shipments to the five best markets—the United Kingdom, Canada, Japan, the Netherlands, and West Germany—increased 10 percent. There were also substantial increases for India, Belgium, Egypt, and Denmark, but large declines for Italy, Spain, France, Mexico, and Poland.

Exports to the less industrialized countries continued to be assisted by U.S. Government programs such as Public Law 480 and the Mutual Security Act. As in 1958, about one-third of total U.S. agricultural exports were made under these programs.

Cotton.— Cotton exports totaled $445 million, down 32 percent. During the first half of 1959, more foreign cotton was available for export, owing to larger beginning stocks and bigger crops in 1958-59. But foreign cotton consumption was still being held down by Europe's continued textile recession. Prices were lower for most foreign growths than for the equivalent grades of U.S. cotton. Many purchases of U.S. cotton were postponed in anticipation of the larger U.S. acreage allotments and lower support prices set for the new season.

In the last quarter of 1959, however, U.S. cotton exports rose considerably. With the end of the textile recession, cotton consumption abroad increased; many importing countries moved to replenish their stocks of cotton and cotton textiles. Foreign producing countries, however, had less cotton available for export. Prices in world import markets were generally stable and competitive among various growths, at levels below those of 1958.

Grains and Feeds.—Exports of grains and feeds, including shipments for relief and charity, went up 11 percent, to $1,568 million. Wheat and wheat flour exports rose 5 percent to $770 million, reflecting larger shipments to underdeveloped countries under Title I of P.L. 480 and larger USDA donations for relief and charity. Dollar sales of wheat were below those of a year earlier. Rice exports, at $102 million, were up by 3 percent.

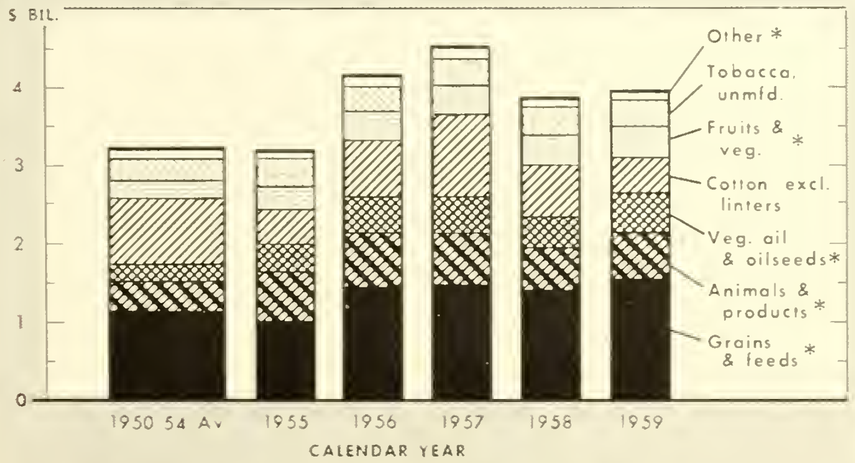
Exports of feed grains continued to expand in 1959 and set a calendar-year record for volume—12.4 million tons. In value, they increased 17 percent, reaching $554 million. Protein meal exports, at 814,000 tons, also set a record. These increases were due primarily to the steady growth of the livestock industry in Western Europe, but also to last summer's drought.

Vegetable Oils and Oilseeds.—Exports of vegetable oils and oilseeds increased by one-third, rising to $517 million. Both vegetable oil and soybean exports broke records for volume. Exports of cottonseed and soybean oils increased from 1 billion to 1.4 billion pounds and soybean exports rose from 84 million to 123 million bushels. All of the increase in the exports of edible oils came in dollar sales; shipments under P.L. 480 were about the same.

The advance in exports of soybeans and edible oils mainly reflected reductions in exportable supplies from other areas and increases in foreign demand. Foreign exportable supplies of copra and coconut oil were down in 1959, and Argentina, normally an edible-oil exporter, had a deficit position. Europe apparently had to do some rebuilding of oil stocks. In addition, drought resulted in more soybean imports for protein meal.

Tobacco.—U.S. exports of unmanufactured tobacco held their own in 1959 at $346 million, as against the $354 million of 1958. Foreign con-

TRENDS IN U. S. AGRICULTURAL EXPORTS, BY COMMODITY GROUPS



* Includes private shipments for relief and charity after 1954. For 1950-54, small shipments in "Other."

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sumption of cigarettes mounted substantially, but competition was keen. Rhodesia-Nyasaland had a record 1958 crop. Other major producing countries also had large supplies for export, at prices below those for like U.S. grades.

Fruits and Vegetables.—Exports of vegetables and preparations reached $145 million, 16 percent more than the year before. Exports of dried beans reached a new high, and those of peas were the highest in more than 10 years. These shipments reflected short supplies in Europe and Latin America. Exports of fruits and preparations, however, decreased from $256 million to $240 million. Principal declines were in fresh apples, dried prunes, canned fruits, and fruit juices. These declines were partly offset by increases in fresh oranges, grapefruit, and pears. Foreign trade liberalization in 1959 helped to maintain exports of U.S. fruits and vegetables at relatively high levels.

Animals and Animal Products.—Exports of animals and animal products, including shipments for relief and charity, rose to $568 million, a 3-percent increase. Exports for relief and charity alone, consisting of nonfat dry milk and cheese, declined by $50 million. This reduction was more than offset, however, by gains in exports of lard, tallow, meats, poultry, and hides and skins. The volume of U.S. tallow shipments—1,341 million pounds—was the second largest on record; the marketing of heavier cattle made greater tallow output available for export at competitive prices. The volume total of 604 million pounds for lard was 215 million larger than in 1958; these exports were stimulated by sharply increased hog slaughter and lower prices. In hides and skins, however, the gain in value resulted from higher prices, for the quantity exported was smaller.

The large supply of broilers and fryers, along with competitive U.S. prices, was a major reason for the record level of poultry exports—126 million pounds. On the other hand, limited CCC inventories of dairy products for export resulted in a decline in shipments. CCC temporarily ceased export sales of nonfat dry milk and cheese in the latter part of 1959 when its stocks were depleted.

North Vietnam's Model

(Continued from page 11)

nomic plan (1958-60). This plan, in significant contrast to China's first 5-year plan, stresses agricultural development rather than industrial expansion. The decision to concentrate on agriculture may have been forced by the fact that dividing the country at the 17th parallel cut off the flow of agricultural supplies coming into the north from the rice-surplus southern half. It also underlines the country's low level of economic development, its technical backwardness, and its lack of a suitable economic base. Evident too has been a lack of organization and control.

The North Vietnamese officials are pressing ahead in tightening controls over the people and in building organizations designed to give the state direction of all production and disposition of goods. To reach these goals, they are pushing the Communist type of producers' cooperative as a control device, against bitter resistance.

Despite this resistance, however, the number of cooperatives is reported to have increased during 1958 and the first half of 1959 from 5,000 units to 16,350, amounting to 22 percent of all peasant families. If the regime's hopes have been fulfilled, 40 percent of all farm families were included by the end of 1959. The now familiar Communist tactics of slow and relentless pressure have been applied. First landlords, then rich peasants, followed by poor peasants and in the end all property owners, are separated from their properties by the state. The independent farmer is left no acceptable alternative but to join if he wants to survive.

Production and Foreign Trade

Though the production statistics that are available cannot be verified, the North Vietnamese claim a rapid increase in production of rice—the major food item—from 3,604,000 metric tons (rough rice basis) in 1955 to an estimated 5,526,000 in 1959. Before the Communists took over, rice production north of the 17th parallel was estimated at between 2 million and 2.5 million metric tons.

The production gains claimed are attributed to greater planted acreages and larger yields per acre. Some production increases probably have occurred. The ending of hostilities created conditions that favored more complete use of the land, and the regime has made a strong effort to expand rice production. Much of this effort is directed at improving and expanding irrigation facilities and increasing the supply and use of fertilizer and improved seeds. Communist China is giving technical advice and assistance. Very little is said officially, however, about the production levels of other crops such as corn, potatoes, and soybeans.

In 1957, North Vietnam's total exports to the Free World amounted to slightly more than $19 million, but they declined to only $13.5 million in 1958. Figures are not yet available for 1959. Rice and corn are the two major agricultural commodities being sold in Free World markets; minerals make up the bulk of the nonagricultural items. There is reason to believe that during recent years North Vietnam has shipped substantial quantities of rice and other products to Bloc countries, in repayment of loans and in exchange for industrial items imported from the Bloc.

What Lies Ahead

The Communist Bloc has not succeeded so far in converting North Vietnam into an eye-catching model of economic progress, to which they can point as proof of the superiority of the Communist system in achieving rapid economic gains under prevailing conditions in Southeast Asia. On the contrary, the Bloc has had to extend substantial economic aid to keep the country bumping along past the pitfalls. Unless a concerted and still more massive aid program is undertaken, the Vietnamese economy appears slated for only modest advances. The regime can be expected to continue tightening controls, recruiting and regimenting labor, and pushing economic development by such measures as expanding irrigation, increasing the cultivated area, greater use of chemical fertilizers, and striving to increase agricultural exports as a method of paying for industrial development.

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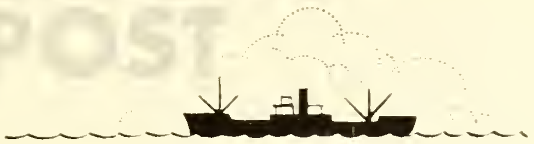

U.S. Poultry Meat Sales Rise Sharply

U.S. poultry meat exports of 125.7 million pounds in 1959 were record high and more than double those of 1958. West Germany, which became the major market, bought more in 1959 than the United States sold to all markets in 1958. Seventy-two percent of Germany's purchases were frozen chicken. Switzerland, the second buyer got mostly frozen chicken too.

All in all, fresh and frozen chicken accounted for 78 percent of total exports, although turkey sales were more than doubled, and canned poultry shipments tripled.

Canada Returns To U. S. Cotton

In recent months, about 95 percent of Canada's textile mill purchases have consisted of U.S. cotton. This is in sharp contrast to last season when mills shifted heavily to other growths—principally from Mexico and Central America—and the U.S. share of the Canadian market dropped to 31 percent from 80 a year earlier.

Canadian imports of U.S. cotton this season may be more than double the 94,000 bales (500 pounds gross) bought in 1958-59. Statistics for the first 4 months (August-November) show U.S. exports to Canada at 49,000 bales, compared with only 18,000 during the same period last season.

Cuba Tightens Controls On Imports of Pulses

Recently the Cuban Government took another step toward state control of food imports. It decreed that all imports of beans, peas, and garbanzos (chickpeas) are to be under exclusive control of ETPA, a subsidiary of the Agricultural and Industrial Bank.

Bean imports contracted for prior to the decree (and for which bank credit had been granted) will be taken over by ETPA on arrival in Cuba. ETPA will pay the importer the c.i.f. or f.o.b. price, plus expenses.

Cuba has long been one of the best markets for U.S. colored beans. In the first 10 months of 1959, it brought more than 800,000 bags.

Japan's Soybean Imports Expected To Set Record

Japan's imports of soybeans in the 1960 fiscal year (beginning April 1) are expected to set a new record of nearly 1.3 million short tons. This would represent a 6-percent increase over the quantity imported in the fiscal year just ended. From January to November 1959, the United States supplied 97 percent of Japan's soybean imports, compared with 86 percent in 1958. It is expected to supply most of Japan's purchases in the coming year unless trade between Japan and Communist China is resumed.

Swiss Bread Grain Imports Back to Private Traders

Switzerland's new Cereals Law has abolished the monopoly on bread grain imports, returning them to private traders. The Cereals Administration, however, retains authority to import bread grains for stockpiling and stock rotation. It also keeps its monopoly on flour imports to fill emergency needs or to help stabilize domestic flour prices—the only circumstances under which flour is imported.

Traders who qualify under the rules of the semiofficial Swiss Grains and Feeds Cooperative Society are issued permits to import unlimited quantities of bread grains. Also, they may choose the source of their imports within the limits designated by the Cereals Administration to insure Swiss compliance with the International Wheat Agreement.

Total bread grain purchases are actually limited by "mixing regulations" which require millers to use a specified percentage of domestic bread grains along with the foreign product.

U.K. Ends Restrictions On Dollar Area Tobacco

Early this year, the United Kingdom removed restrictions on imports of both unmanufactured tobacco and manufactured products (except cigars) from the dollar area. This action is considered by the U.S. trade to be the most important of its type in the past 20 years because the United Kingdom is by far the world's largest tobacco importer and already buys about a third of U.S. leaf exports.

U.S. exporters expect to derive some immediate benefits if the 1960 flue-cured crop is suitable, as several U.K. manufacturers are low in U.S. leaf. Competition will not be entirely free, however, until British tobacco manufacturers end the discriminatory guaranteed-purchasing agreement with the Federation of Rhodesia and Nyasaland. Another barrier is the tariff preference on Commonwealth leaf.

Cuba and Russia Sign Trade and Loan Pacts

Cuba and the USSR have entered into two agreements—one covering trade and the other granting credit to Cuba by Russia.

Under the trade pact, Russia will buy 483,000 short tons of Cuban sugar for delivery during 1960—in addition to previous purchases of 653,000—and about 1.1 million tons annually during the coming 4 years. Russia has agreed not to re-export Cuban sugar to countries which might be Cuban markets. Cuba also will ship fruits and juices, rope fiber, henequen, peppers and hides to Russia. With the exception of wheat, all of Russia's exports to Cuba will be nonfarm.

The two governments have agreed to grant to each other reciprocal most-favored-nation treatment except for the special advantages Russia grants to its neighbors or Cuba grants to the United States.

Under the second agreement, Russia will grant Cuba credit up to $100 million to buy Russian farm and industrial machinery, and equipment for new factories; and to pay for technical assistance necessary to build them.

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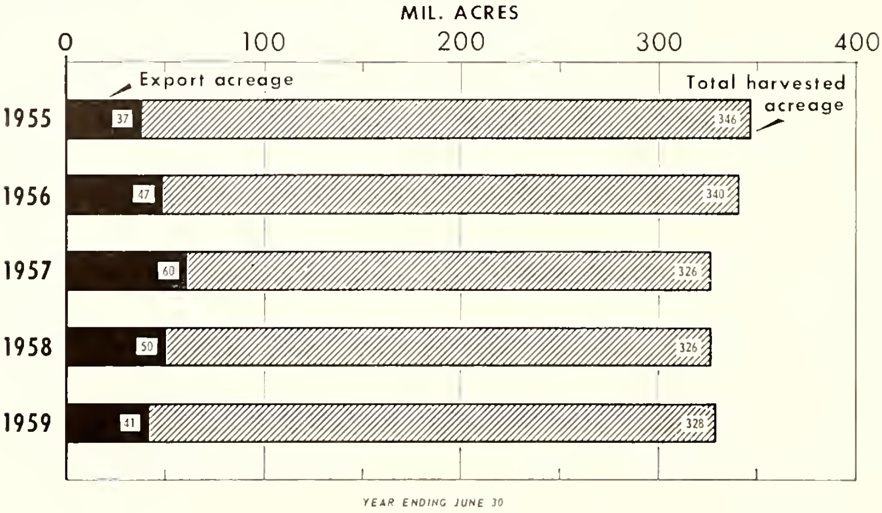
One Out of 8 U. S. Harvested Acres Produced for Export in 1959



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